

## Message Text

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PAGE 01 BUCAR 00643 151107Z

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BELGRADE FOR AGATT

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TAGS: EGEN, ECON, RO

SUBJECT: ROMANIA'S 1974 ECONOMIC PERFORMANCE

REFS: (A) BUCHAREST 0476; (B) BUCHAREST 4458 (DEC 73, NOTAL);

(C) BUCHAREST 5832 (DEC 74)

1. SUMMARY: DATA PUBLISHED BY THE GOR ON 1974 ECONOMIC PERFORMANCE

SHOW MIXED RESULTS. JUDGED IN PURELY ECONOMIC TERMS, 1974

FIGURES REFLECT SOME CREDITABLE ACHIEVEMENTS, PARTICULARLY

IN INDUSTRIAL SECTOR, WHOSE OVERALL OUTPUT GREW AT EVEN FASTER

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PAGE 02 BUCAR 00643 151107Z

RATE THAN PRECEDING YEAR, REACHING TOTAL OF 495 BILLION LEI.

IN AGRICULTURE, HOWEVER, DROPS FAILED TO REACH RECORD GOALS SET FOR 1974 TO COMPENSATE FOR DISAPPOINTING PERFORMANCE IN 1973. WORSE, HARVESTS OF WHEAT, CORN, SUNFLOWERS AND SOME OTHER CROPS ACTUALLY FELL BELOW 1973 LEVELS. AND EVEN RAPID INDUSTRIAL GROWTH RATE (15.2 PERCENT) FELL SHORT OF TARGET (16.7 PERCENT) SET FOR 1974. THUS WHILE INDUSTRY HAS MANY BRIGHT SPOTS AND EVEN AGRICULTURAL RESULTS ARE IN THEMSELVES NOT SO BAD AS TO CAUSE ALARM, OVERALL RESULTS MUST BE HIGHLY DISAPPOINTING TO REMAINING FEW WHO STILL CHERISHED HOPE THAT 1971-75 FIVE YEAR PLAN COULD BE WOUND UP SIGNIFICANTLY AHEAD OF SCHEDULE. END SUMMARY.

2. INDUSTRY. AS IN 1973, INDUSTRIAL SECTOR TURNED IN THE STRONGEST PERFORMANCE, REACHING AGGREGATE OUTPUT OF 495 BILLION LEI AND CLOCKING EXPANSION RATE OF 15.2 PERCENT, UP FROM 1973'S ALREADY CREDITABLE 14.7 PERCENT RATE. IN BOTH RESPECTS, HOWEVER, ATTAINMENT WAS SOMEWHAT SHORT OF TARGETS, WHICH WERE 501 BILLION LEI AND 16.7 PERCENT. ALSO, RESPECTABLE OVERALL ACHIEVEMENT MASKS SOME SIGNIFICANT WEAK POINTS. AN EXAMINATION OF THE PRINCIPAL OUTPUT INDICATORS (42 WERE PUBLISHED THIS YEAR) SHOWS THAT FOUR (REFINED SUGAR, TOTAL TRUCK PRODUCTION, PLASTICS AND SYNTHETIC RESINS, AND RADIOS) WERE BELOW 1973 LEVELS, WHILE OVER HALF FALL BELOW LEVELS PLANNED FOR 1974. AMONG MORE IMPORTANT IN LATTER CATEGORY ARE CHEMICAL FERTILIZER, ELECTRICAL ENERGY, COAL, AND CEMENT -- ALL ESSENTIAL INPUTS REQUIRED IN MANY SECTORS OF THE ECONOMY. SHORTFALLS IN THESE VITAL AREAS, ESPECIALLY SINCE THEY OCCURRED IN 1973 AS WELL, JEOPARDIZE THE ECONOMY'S ABILITY TO REACH THE LEVEL PLANNED FOR THE END OF 1975. IN A FEW CASES THE GAP BETWEEN TARGET AND ACTUAL OUTPUT IS SO GREAT AS TO CAST DOUBT ON THE PLANNERS' REALISM. PRODUCTION OF CHEMICAL FERTILIZERS, FOR EXAMPLE, FELL SHORT OF TARGET BY A STRIKING 40 PERCENT, ALTHOUGH PRODUCTION DID CLIMB TO 1.4 MILLION TONS, SOME 14 PERCENT ABOVE 1973. INDUSTRY'S STRONGEST PERFORMERS, IN TERMS OF PRODUCTION INCREASES, WERE DIESEL TRUCKS; HARVESTING COMBINES; BEARINGS; MEASUREMENT/CONTROL EQUIPMENT AND COMPUTERS; METAL-WORKING MACHINE TOOLS; SYNTHETIC FIBERS; ALUMINUM, AND ELECTRONICS. AGGREGATE MINISTRY-LEVEL INDICATORS, OF DUBIOUS ANALYTICAL VALUE AND PUBLISHED FOR FIRST TIME THIS YEAR WITH PLAN RESULTS, SHOW ALL MINISTRIES, WITH EXCEPTION OF MINISTRY OF CHEMICAL INDUSTRY, AS MEETING 1974 TARGETS. CHEMICAL MINISTRY SHORTFALL IS ATTRIBUTED TO LATE COMMISSIONING OF NEW PLANTS AND THE PITESTI REFINERY FIRE. LIMITED OFFICIAL USE

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PAGE 03 BUCAR 00643 151107Z

CRUDE OIL EXTRACTION IS UP TO 14,486,000 TONS, A 1.4 PERCENT INCREASE.

3. AGRICULTURE. THE ROMANIAN AGRICULTURAL SECTOR HAD ANOTHER DISAPPOINTING YEAR. HIGH GOALS HAD BEEN SET TO COMPENSATE FOR 1973'S MEDIOCRE HARVESTS; NOT ONLY WERE THESE NOT REACHED, BUT KEY CROPS ACTUALLY FELL BELOW 1973 LEVELS. WHEAT AND RYE CROP IS GIVEN AS A SHADE OVER 5 MILLION TONS, A LEVEL EXCEEDED TEN YEARS

AGO. CORN HARVEEST WAS 7.2 MILLION TONS, 2.6 MILLION TONS LESS THAN IN 1972, JEOPARDIZING LIVESTOCK HERDS AND FORCING AN IMPORT OF FEED GRAINS. NO MAJOR CROP CAME CLOSE TO MEETING PLAN TARGETS; THE SHORTFALL IN ALL GRAINS WAS 5.3 MILLION TONS. FERTILIZER SUPPLIED TO THE AGRICULTURAL SECTOR WAS ALSO SHORT OF THE PROGRAMMED AMOUNT, ALTHOUGH IRRIGATION AND DRAINAGE GOALS WERE EXCEEDED. LIVESTOCK FIGURES HAVE BEEN PUT ON NEW BASIS AND CANNOT BE COMPARED WITH PREVIOUS YEARS. DESPITE THESE MANY SHORTCOMINGS, HOWEVER, MINISTRY-LEVEL PERFORMANCE INDICATORS MENTIONED ABOVE SHOW MINISTRY OF AGRICULTURE AS SLIGHTLY SURPASSING PLANNED GOAL FOR 1974, A PIECE OF STATISTICAL SLEIGHT OF HAND WHICH SUGGESTS ROMANIAN STATISTICIANS ARE ALREADY SHARPENING THEIR PENCILS TO SHOW CURRENT FIVE YEAR PLAN AS HAVING BEEN FULFILLED BY END OF 1975. AGRICULTURAL SHORTFALL HAS BEEN PARTLY BLAMED ON UNFAVORABLE WEATHER, BUT RECENT AGRICULTURAL CONFERENCE FOCUSED LARGELY ON HUMAN AND MANAGEMENT FAILINGS, PRODUCING THE CUSTOMARY EXHORTATIONS FOR LONGER HOURS IN THE FIELDS BY ALL, INCLUDING RESEARCH SPECIALISTS. DECISION TO INCREASE FUNDS FOR AGRICULTURE BY 40 PERCENT IN 1975 HAS ALREADY BEEN ANNOUNCED, BUT STUBBORNLY MEDIOCRE PERFORMANCE IN THIS SECTOR POSES SERIOUS PROBLEM.

ROMANIA STILL COUNTS ON AGRICULTURE TO EARN HARD CURRENCY TO PAY FOR WESTERN IMPORTS PLANNED FOR THE INDUSTRIAL SECTOR, YET WITHOUT A SHARP

IMPROVEMENT IN PRODUCTION, EARNINGS WILL NOT BE SUFFICIENT.

4. FOREIGN TRADE. FOREIGN TRADE SECTOR FELL SLIGHTLY SHORT OF PLANNED TARGET BUT NEVERTHELESS POSTED A 38 PERCENT INCREASE. DEGREE TO WHICH EVEN HIGHER GOAL FOR EXPANSION OF TRADE WITH CONVERTIBLE AREA WAS MET IS NOT REPORTED. LANGUAGE OF FOREIGN TRADE REPORT MAKES SLIGHTLY DEEPER BOW TOWARD CEMA, BUT NOT STRIKINGLY SO. BALANCE OF PAYMENTS DATA NOT PUBLISHED, BUT CONVERSATIONS WITH ROMANIAN OFFICIALS INDICATE A LIMITED OFFICIAL USE

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PAGE 04 BUCAR 00643 151107Z

DEFICIT WAS EXPECTED, OWING TO INCREASES IN IMPORT PRICES AND REDUCTION OF AGRICULTURAL EXPORTS FORCED BY PRODUCTION SHORTFALL AND BY REDUCED MARKET FOR MEAT IN EC.

5. INCOME. THIS YEAR'S REPORT OMITS CUSTOMARY AGGREGATE GROWTH INDICATOR -- "SOCIAL PRODUCT"-- BUT SHOWS NATIONAL INCOME AS UP 12.5 PERCENT OVER 1973. PREVIOUS INCREASE WAS 10.8 PERCENT. INDIVIDUAL INCOMES ARE ALSO REPORTED TO BE RISING AT SOMEWHAT FASTER RATE THAN BEFORE, REFLECTING ACCELERATED PAY RAISE PROGRAM INITIATED LAST YEAR.

6. COMMENT: SMALL BUT SUGGESTIVE CHANGE IN FORMAT OF ANNUAL ECONOMIC REPORT IS OMISSION OF REFERENCE TO PLAN "FULFILLMENT" IN TITLE: REPORT IS NOW CALLED "COMMUNIQUE ON ECONOMIC-SOCIAL DEVELOPMENT". MUTED REFERENCE TO MEETING FIVE YEAR TARGET AHEAD

OF SCHEDULE CAN BE FOUND, BUT OVERALL TONE IS SOBER, AND AGRICULTURAL  
FIGURES ARE GLOOMY. AT THIS POINT, BARRING MIRACLES OR  
STATISTICAL MUMBO-JUMBO, BEST THAT CAN BE EXPECTED FOR 1975  
YEAR-END RESULTS WOULD BE SLIGHTLY ABOVE-TARGET RESULTS IN A  
FEW LIMITED AREAS, FOR EXAMPLE WITHIN MACHINE-BUILDING AND  
CHEMICAL/PETROCHEMICAL SECTORS, WITH REMAINDER OF  
INDUSTRIAL INDICATORS LAGGING SOMEWHAT BEHIND AND AGRICULTURE  
BRINGING UP THE REAR.  
BARNES

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